



February 23, 1999

SENATE BILL No. 459

DIGEST OF SB0459 (Updated February 18, 1999 1:52 pm - DI 44)

Citations Affected: IC 6-3.1; noncode.

Synopsis: Tax credits for inventory tax payments. Provides a credit against a taxpayer's state tax liability for property taxes paid on inventory. Provides that the credit is initially equal to 10% of property taxes paid on inventory, and increases the credit percentage over ten years until the credit may be claimed for 100% of property taxes paid on inventory.

Effective: January 1, 1999 (retroactive).

**Borst, Weatherwax, Zakas, Jackman,
Skillman, Wyss**

January 13, 1999, read first time and referred to Committee on Finance.
February 22, 1999, reported favorably — Do Pass.

SB 459—LS 7879/DI 73+



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February 23, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 459

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]:

4 **Chapter 20. Credit for Property Taxes Paid on Inventory**

5 **Sec. 1.** As used in this chapter, "assessed value" means the
6 assessed value of inventory determined under IC 6-1.1-3.

7 **Sec. 2.** As used in this chapter, "inventory" has the meaning set
8 forth in IC 6-1.1-3-11.

9 **Sec. 3.** As used in this chapter, "pass through entity" means:

10 (1) a corporation that is exempt from the adjusted gross
11 income tax under IC 6-3-2-2.8(2); or

12 (2) a partnership.

13 **Sec. 4.** As used in this chapter, "state tax liability" means a
14 taxpayer's total tax liability that is incurred under:

15 (1) IC 6-2.1 (gross income tax);

16 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

17 (3) IC 6-3-8 (supplemental net income tax);

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(4) IC 6-5.5 (financial institutions tax); and
 (5) IC 27-1-18-2 (insurance premiums tax);
 as computed after the application of the credits that under
 IC 6-3.1-1-2 are to be applied before the credit provided by this
 chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual
 or entity that has state tax liability.

Sec. 6. (a) A taxpayer is entitled to a credit against the
 taxpayer's state tax liability for a taxable year for the ad valorem
 property taxes paid by the taxpayer in the taxable year on
 inventory.

(b) The amount of the credit is equal to the product of:

(1) the appropriate percentage specified in subsection (c);
 multiplied by

(2) the amount of property taxes paid on inventory by the
 taxpayer during the taxable year.

(c) The percentage described in subsection (b)(1) is determined
 by the calendar year in which the property taxes on inventory are
 paid and is set forth in the following table:

CALENDAR YEAR IN WHICH INVENTORY TAXES ARE PAID	PERCENTAGE OF INVENTORY TAXES ALLOWED AS A CREDIT
1999	10%
2000	20%
2001	30%
2002	40%
2003	50%
2004	60%
2005	70%
2006	80%
2007	90%
2008 and thereafter	100%

(d) If a taxpayer pays property taxes in two (2) different
 calendar years during the taxpayer's same taxable year, the
 taxpayer shall apply the appropriate percentage specified for each
 calendar year to the property taxes paid in each calendar year to
 compute the credit for the taxable year.

Sec. 7. (a) If the amount determined under section 6(b) of this
 chapter for a taxpayer in a taxable year exceeds the taxpayer's
 state tax liability for that taxable year, the taxpayer may carry the
 excess over to the following taxable years. The amount of the credit
 carryover from a taxable year shall be reduced to the extent that



1 the carryover is used by the taxpayer to obtain a credit under this
2 chapter for any subsequent taxable year. A taxpayer is not entitled
3 to a carryback.

4 (b) A taxpayer is not entitled to a refund of any unused credit.

5 Sec. 8. If a pass through entity does not have state income tax
6 liability against which the tax credit may be applied, a shareholder
7 or partner of the pass through entity is entitled to a tax credit equal
8 to:

9 (1) the tax credit determined for the pass through entity for
10 the taxable year; multiplied by

11 (2) the percentage of the pass through entity's distributive
12 income to which the shareholder or partner is entitled.

13 Sec. 9. To receive the credit provided by this chapter, a taxpayer
14 must claim the credit on the taxpayer's state tax return or returns
15 in the manner prescribed by the department. The taxpayer shall
16 submit to the department proof of payment of an ad valorem
17 property tax and all information that the department determines
18 is necessary for the calculation of the credit provided by this
19 chapter.

20 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
21 IC 6-3.1-20, as added by this act, applies only to taxable years that
22 begin after December 31, 1998.

23 SECTION 3. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senators Weatherwax and Zakas be added as coauthors of Senate Bill 459.

BORST

SENATE MOTION

Mr. President: I move that Senator Jackman be added as coauthor of Senate Bill 459.

BORST

SENATE MOTION

Mr. President: I move that Senator Skillman be added as coauthor of Senate Bill 459.

BORST

SENATE MOTION

Mr. President: I move that Senator Wyss be added as coauthor of Senate Bill 459.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 459, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 459 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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